

1 FINDINGS OF FACT

2 1. Insurer is duly qualified and authorized as a captive insurer in the State of
3 Arizona.

4 2. Petitioner is duly qualified and authorized as a casualty insurer in the
5 State of Arizona.

6 3. No evidence has been produced that would indicate or form the basis for a
7 finding that the Agreement and Plan of Merger previously filed with the Department:

8 a. Is contrary to law;

9 b. Is unfair in the terms and conditions of the exchange of securities;

10 c. Would substantially reduce the security of and service to be rendered to
11 the policyholders of the Insurer in this State or elsewhere.

12 4. Insurer has a \$100 deposit with the Insurance Examiners' Revolving Fund
13 ("IERF").

14 5. Petitioner has prepared Articles of Merger it intends to file with the Arizona
15 Corporation Commission.

16 6. Petitioner has consented to comply with the qualitative and quantitative
17 provisions of Title 20, Chapter 3, Article 2.

18 CONCLUSIONS OF LAW

19 1. The application established that none of the enumerated grounds set forth
20 in A.R.S. § 20-731 exist so as to provide a basis for disapproval or rejection of the
21 Agreement and Plan of Merger.

22 2. The evidence established that Petitioner has complied with the provisions
23 of A.R.S. § 20-731 and established by credible evidence that the Agreement and Plan
24 of Merger between Insurer and Petitioner should be approved.

25 ORDER

1 COPY of the foregoing mailed
2 this 25TH day of August, 2006,

3 Gerrie Marks, Deputy Director
4 Mary Butterfield, Assistant Director
5 Catherine O'Neil, Consumer Legal Affairs Officer
6 Steven Ferguson, Assistant Director
7 Leslie R. Hess, Financial Affairs Legal Analyst
8 Kurt Regner, Chief Financial Analyst
9 Ed Caldwell, Chief Financial Analyst Foreign/Alternative Markets
10 Department of Insurance
11 2910 North 44th Street, Suite 210
12 Phoenix, Arizona 85018

13 Peter Godfrey, Vice President
14 AIMS Insurance Program Managers, Inc.
15 15230 N. 75th Street, Suite 1002
16 Scottsdale, Arizona 85260

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